



Chapter 3 **Special Issues**

Cluster 2 Asset Profile

Vacant Land/City Owned Surplus Land

Cluster 2 does not have large tracts of vacant land to build upon. The largest tracts shown are occupied by the Bessy and Heilmann Playfields operated by the Detroit Recreation Department and Privately operated Mt. Olivet Cemetery. Several smaller open space areas are playgrounds and playlots owned by the DRD. Scattered residential and commercial strip parcels with multiple owners provide difficult land assembly.

Two residential areas have significant concentrations of vacant sites and offer the best chance for large-scale investment. A very high rate of vacant land exists east of Gratiot between Seven Mile, Chalmers, I-94, and Conner. This area has vacant parcels accounting for over 13.3% of the total. Map A7 shows the range of vacant parcel concentration by census tract. Map A8 shows concentrations of City-owned surplus land by census tract which may aid in quickening parcel assembly. Map A9 does not reflect the concentration of vacant land within Cluster 2 because of the very small scale used.

A second potential residential development area is west of Gratiot in an area generally bound by Gratiot, Hoover/Gunston and Greiner which amounts for over twelve percent of the lots.

The balance of the cluster generally has scattered lots which have realized potential through a combined housing infill and renovation reinvestment strategy.

Vacant parcels exist on the commercial strips. However, the nature of these sites are small and isolated which do not meet modern lot area and depth needs of developers. A strategy combining land acquisition and demolition is required to put these vacant parcels to productive use.

Historic Districts

There are no historic districts located in Cluster 2. However, Assumption Grotto Church on Gratiot near Seymour is a historic building.

Zoning

The zoning districts in Cluster 2 follow development patterns that, to a great extent preceded zoning. The development that followed zoning is consistent with the pattern in this area. Zoning is designed to protect and enhance existing development and to insure that future development is compatible. Short of proposals for major land use changes, there appears to be little need for changes in the zoning pattern. The one possible exception might be the strip commercial that exist along the major thoroughfares, such as Harper, McNichols, Seven Mile, Eight Mile, Gratiot, and

part of Chalmers. The frontage on these streets is zoned B4, General Business. The issue that surrounds this zoning classification is twofold: the typical one-hundred depth may not be enough to provide modern strip commercial with the necessary accessory parking and attractive site layout, and given current shopping patterns there is more commercial zoning than the surrounding neighborhood can support.

With the exception of a very small part of the northwest corner of the cluster, there is no industrial zoning. This area along the Grand Trunk and Western Railroad (GTWRR) is properly zoned for its use.

The cluster is predominantly zoned medium and low density residential, with R1 single-family residential being the largest portion. R-2 two family zoning generally follows Gratiot Avenue which historically accommodated a street car line. Schools, churches, and playfields are zoned with the adjacent land which is common.

Renaissance Zone

There are no Renaissance Zones located in Cluster 2. The Renaissance Zone is a geographic area designated by the State of Michigan and the City of Detroit, which provides almost total state and local tax relief to both residents and businesses. There are six designated areas within Detroit. The intent of the Renaissance Zone is to establish or maintain residences, retail shopping, industrial activity, and other forms of development which are consistent with local zoning requirements.

Empowerment Zone

Cluster 2 contains a portion of the "East Region" of the Empowerment Zone (EZ) which is delineated on Map A9. The portion of the EZ in Cluster 2 is bounded by Gratiot Ave. to the northeast, Outer Drive to the north, Roseberry to the east, I-94 to the south, and Conner to the west. Businesses locating in, and hiring residents from, the Empowerment Zone are eligible for significant tax breaks and other programs. These include:

Empowerment Zone Legal and Accounting Group (EZLA) - The EZLA is a consortium of Detroit's legal and accounting firms providing various services to Empowerment Zone businesses. EZLA provides the following services as part of the services offered at the One Stop Capital Shop:

- Discounted legal and accounting services
- Monthly seminars on a variety of business development issues
- Mentoring opportunities for small legal and accounting firms

Employer Wage Credit - The employer wage credit is available to any employer engaged in a trade or business in the Empowerment Zone. An employer can claim a tax credit equal to 20% of the first \$15,000 of qualified wages paid or incurred to each employee who lives and work in the EZ. The rates and maximum credits are as follows:

Year Credit	Rate	Maximum
1994-2001	20%	\$3,000
2002	15%	\$2,250
2003	10%	\$1,500
2004	5%	\$750

An employer can claim the credit for wages paid to full or part-time employees who are EZ residents, and perform substantially all of their services for the employer in the EZ. This credit cannot be claimed for wages paid to:

- An individual employed less than 90 days
- Certain related taxpayers
- A 5% owner
- An employee of a private or commercial golf course, country club, massage parlor, hot tub facility, racetrack or other gambling facility, a store whose principal business is the sale of alcoholic beverages for off-site consumption
- An individual employed in a trade or a business for which the principal activity is farming (only if the farm assets exceed \$500,000 at the end of the tax year)

Increased Section 179 Deduction - IRS Form #4562 - Certain taxpayers can deduct up to \$17,500 of the cost of qualifying Section 179 property that is "qualified zone property" in the year it is placed in service, instead of recovering that cost through depreciation. Section 179 does not include buildings. The maximum deduction for Section 179 property is increased to \$37,500 for "enterprise zone businesses." Qualified zone property is depreciable tangible property (including building) if:

- It is acquired by the taxpayer (but not from a related party) after the zone designation is in effect
- Its original use in the EZ begins with the taxpayer
- Substantially all of the property's use is in an EZ and in the active conduct of the taxpayer's qualified trade or business in the zone

If the property has been substantially renovated by the taxpayer the first two conditions do not apply. Property is considered to be substantially renovated if during any 24 month period after the designation takes effect the additions to the taxpayers basis of the property exceeds the greater of the following of 100% of the taxpayers adjusted basis at the beginning of the 24 month period or \$5,000.

Tax-Exempt Bond Financing - Tax-exempt bond financing is available for eligible uses. This financing option has lower interest rates than conventional loans, which would make some projects financially feasible that might not be otherwise.